

the State Governments and up to 20% of the ARWSP funds can be utilised for Sub-Mission Projects by the States concerned. Therefore, the Government of India does not provide additional or separate funds to the States for Sub-Mission Projects.

**Penalising States for not holding Panchayat and
Zilla Parishad Elections**

1171. SHRI C. RAMACHANDRAIAH: Will the Minister of RURAL DEVELOPMENT be pleased to state:

- (a) whether it is a fact that the Union Government have recently penalised some States for not holding the elections to Panchayats and Zilla Parishads by not releasing grants to them;
- (b) if so, the details thereof;
- (c) whether Government can penalise the people of a particular State which could not complete the election process due to judicial intervention; and
- (d) the fallout if the Government of India withholds funds meant for welfare of the poor for one reason or the other?

THE MINISTER OF RURAL DEVELOPMENT (SHRI M. VENKAIAH NAIDU): (a) to (d) According to 73rd Amendment of the Constitution, the State Governments are required to hold elections of Panchayati Raj Institutions at regular interval and empower such institutions adequately. Though 80% of funds allocated under Employment Assurance Scheme are released as per normal procedure, 20% of funds are released as an incentive only if the State has put in place elected and empowered Panchayati Raj Institutions. Funds earmarked as incentives were released to all the States during the years 1999-2000 and 2000-2001. The conduct of election and empowerment of PRIs has not been completed in some States. For the current year, these States have been advised to take appropriate steps to empower the PRIs so that funds could be released.